

**STATE OF SOUTH CAROLINA
DEPARTMENT OF INSURANCE**

In the Matter of :)	
)	
William M. Worthy, II,)	ORDER OF REVOCATION
_____)	

This is a proceeding to revoke the insurance producer's license of the respondent, William M. Worthy, II. I order Worthy's license revoked.

PROCEDURAL BACKGROUND

On January 19, 2006, the Department of Insurance wrote Worthy a letter, informing him that I intended to revoke his producer's license. In that letter, the Department notified Worthy that it had evidence that he had "committed numerous violations of the insurance laws of this state. Such violations include, but are not limited to, commingling funds . . . received from various plan participants; misappropriating funds; failing to remit premiums to insurers in a timely manner; [and] issuing checks, to include checks to insurers for premium payments, upon insufficient funds" The letter notified Worthy of his right to a contested case hearing. It further informed him that, should he not request a hearing within thirty days, his right to a hearing would be waived, and I would issue an order imposing administrative penalties.

On February 15, 2006, Worthy requested a contested case hearing in the South Carolina Administrative Law Court, pursuant to the Administrative Procedures Act. The case was set for trial on November 6. On October 16, 2006, Worthy withdrew his request for a contested case hearing. On October 23, 2006, the court dismissed the case and remanded it to the Department of Insurance. Thus, I once again have jurisdiction to determine this matter pursuant to Section 38-43-130 of the South Carolina Code.

I hereby find the following facts and make the following conclusions of law.

FINDINGS OF FACT

1. William M. Worthy, II is duly licensed by the South Carolina Department of Insurance as an insurance producer, pursuant to S.C. Code Ann. § 38-43-20.

2. On September 30, 2004, the South Carolina Administrative Law Court, with Worthy's consent, suspended Worthy's producer's license, contingent upon the payment of a \$100,000 fine. In the consent order of suspension, Worthy admitted to falsifying loan documents, illegally pledging insurance company assets as collateral for a loan, and misleading the Department of Insurance. Worthy has not paid the fine, and his license remains suspended.

A. Misappropriation of Premium Moneys from Fairmont Specialty Group.

3. On or about January 1, 2005, Worthy, on behalf of CHS Admin, L.L.C., signed a contract with TIG Premier Insurance Company to provide administrative services for group insurance plans. Although Worthy was not an officer of CHS Admin, L.L.C., he represented to TIG that he was the president of CHS Admin, and he signed the contract as its president.

4. On April 27, 2005, CHS Admin, L.L.C. changed its name to New Source Benefits, L.L.C. New Source was licensed as an agency under Chapter 43 of Title 38 of the South Carolina Code.¹

5. Jack Hawkins was the controller for at least three of Worthy's companies: Consumer Health Solutions, L.L.C.;² Carolina Benefit Administrators of South Carolina, Inc.;³ and Tennessee Benefit Administrators, L.L.C. Although Hawkins was the president and sole

¹ The Department of Insurance has revoked New Source's agency license.

² Worthy is the president and sole shareholder of Consumer Health Solutions. The Administrative Law Court has revoked the producer's license of Consumer Health Solutions, L.L.C. by consent.

³ Worthy is the president and sole shareholder of Carolina Benefit Administrators. The Department fined Carolina Benefit Administrators \$35,000 in 2003 for, among other things, failing to hold premium moneys in a fiduciary capacity and failing to disburse funds in accordance with its fiduciary duty.

shareholder of New Source Benefits, Worthy in fact controlled New Source Benefits.⁴ Worthy led TIG to believe that he was the president of and controlled New Source Benefits, and that he had sole authority to act on behalf of New Source Benefits. Jack Hawkins often did not even attend internal meetings at which the TIG business was discussed.

6. Under the contract Worthy signed with TIG Premier Insurance Company, New Source Benefits collected premium on behalf of TIG. New Source maintained bank accounts at Arthur State Bank. TIG instructed Worthy to establish a premium account for New Source at a bank substantially larger than Arthur State Bank, both because Worthy did his personal banking at Arthur State Bank, creating potential conflicts of interest, and because Arthur State Bank was not of sufficient size to satisfy TIG's requirements. TIG suggested that New Source establish an account at either Wachovia or BB&T.

7. New Source established an account at BB&T, denominated "Fairmont Premier Premium Trust Account" (TIG either is a subsidiary of Fairmont Premier, or Fairmont Premier is the successor to TIG). In either case, the BB&T account was the account TIG required.

8. Contrary to the intent behind establishing this account, however, and without TIG's knowledge or approval, New Source continued to deposit premiums at Arthur State Bank, in an account denominated "CHS Admin, LLC Premium Account." New Source made these deposits at Arthur State Bank at Worthy's direction or, at the least, with his knowledge. Each month, New Source would prepare a bordereau showing the amount of premium owed to TIG. It

⁴ According to Bart Posey, even though Hawkins owned New Source, Worthy actually came up with the idea of forming CHS Admin, L.L.C., as a way to get into the low-limit medical marketplace. Worthy told Posey that Worthy was "going to form a whole new company to handle the TIG business." According to Posey, this new company became CHS Admin, L.L.C. The letters "CHS" are the initials of Consumer Health Solutions, and CHS Admin's operating agreement, signed by Hawkins, was witnessed by Worthy's personal assistant. Hawkins once told Posey that he was New Source's president "just on paper." Worthy's e-mail address was wworthy@chsadmin.com.

would then transfer premium funds from Arthur State Bank to the BB&T account and would wire those funds from the BB&T account to TIG.

9. The September 2005 bordereau shows that New Source had collected \$357,799.20 in premium on TIG's behalf. After payment of fees and commissions, New Source owed and should have remitted \$282,015.55 to TIG. New Source, however, did not remit any premium at all to TIG in September. New Source's bank records show that it failed even to transfer any funds from the Arthur State premium account to the BB&T premium account.

10. The same scenario was repeated in October. The monthly bordereau shows that New Source collected \$424,093.40 on TIG's behalf. It owed \$330,988.06 to TIG, but failed to pay any of that premium money to TIG.

11. At the end of September, notwithstanding that no premium had been paid to TIG, only \$40.09 remained in the Arthur State Bank account. At the end of October, there was only \$604.22 in the account, again despite the fact that no money had been sent to TIG.

12. On October 27, 2005, Garry J. McGeddy of Fairmont Specialty Group (TIG's parent company) wrote a letter to Worthy, terminating the contract that Worthy signed in January of 2005 on behalf of New Source. That letter informed Worthy that Fairmont "will arrive in [New Source's] office Monday, October 31, 2005 to conduct a complete audit and begin the process of transferring the administration of [Fairmont's] files." The letter concluded by stating, "William, I strongly suggest you spend the weekend reading the Program Manager's Agreement that we both executed, to fully appreciate the magnitude of your breach"

13. In October of 2005, TIG conducted an audit of New Source Benefits at its place of business, located at 333 South Pine Street, the Spartanburg offices shared by Consumer Health Solutions, Carolina Benefit Administrators, Tennessee Benefit Administrators, Worthy Insurance

Agency, and other businesses owned and/or controlled by Worthy. TIG examined records and confiscated files. The Arthur State Bank records show that, in September and October, the following payments were made from the Arthur State Bank "CHS Admin, LLC Premium Account":

- (a) \$20,700 to William Worthy, which, according to Worthy's own bank records, he deposited in his personal account at Arthur State Bank;
 - (b) \$189,760 to Carolina Benefit Administrators;⁵
 - (c) \$52,583.51 to Tennessee Benefit Administrators, of which Worthy was the president and a shareholder, if not the sole shareholder;
 - (d) \$17,380 to AGA, L.L.C., a corporation whose sole purpose is to own and operate Worthy's private Lear jet, and of which Worthy is the president and sole shareholder;
 - (e) \$5,935 to Worthy Insurance Agency, of which Worthy is the president and sole shareholder (although these payments may be legitimate commissions, the agency's licensed producer at the time, Jollene Priester, informed the Department under oath that she received no commissions from any business transacted while in Worthy's employ. Worthy, on the other hand, implied in deposition testimony that Priester assigned her commissions to the agency);⁶
- and

⁵ Consumer Health Solutions had an agreement with Carolina Benefit Administrators for certain administrative services. No similar agreement between New Source and Carolina Benefit Administrators was identified or produced during discovery during the pendency of the two contested cases involving Worthy and Consumer Health Solutions. Aside from the fact that the payment to Carolina Benefit Administrators was made with premium monies directly from a premium account, it is inconceivable that New Source could have incurred nearly \$200,000 for administrative services in a two-month period.

⁶ On June 19, 2006, Worthy signed and filed with the Department an application for the continuation of Worthy Insurance Agency's license. In that application, he listed Betty Hutchins, a licensed South Carolina insurance producer, as an employee of the agency, to satisfy the statutory requirement that a licensed agency have an employee or officer who is a licensed producer. Ms. Hutchins, however, testified that she did not work for Worthy Insurance Agency, and that she does not "really know what it does." Thus, Worthy, to ensure that his agency was licensed so that he could receive the commission money from it, listed Ms. Hutchins as an agency employee without her knowledge. The Department is seeking to revoke Worthy Insurance Agency's license for, among other things,

(f) \$200 to Palmetto & Pine, L.L.C., which owns the building at 333 South Pine Street in Spartanburg, housing New Source and the other companies owned and/or controlled by Worthy, and of which Worthy is the president and sole shareholder.

14. In addition, New Source paid \$19,000 from the Arthur State Bank premium account to Fellowship Services, a collection of groups covered by plans administered not by New Source, but by Consumer Health Solutions. This payment obviously was made to Fellowship Services on behalf of Consumer Health Solutions.

15. New Source also paid \$4,000 from the Fairmont premium account to Arthur State Bank for a credit card debt incurred by Carolina Benefit Administrators. Among the charges on the credit card bill are \$130.85 to Longhorn Steak House in Spartanburg; two separate charges for consecutive days in the total amount of \$522.38 to Morgan Creek Grill in Spartanburg; \$112.82 to Whitey's Fish Camp in Orange Park, Florida; \$168.28 to Hertz Rent-a-Car in Jacksonville, Florida; and \$359.49 to Mercury Air Center. Mercury Air Center is a fixed base aviation operator, and the charge is probably for aviation fuel for Worthy's Lear jet.

16. Thus, in September and October of 2005, according to its own records, New Source paid \$309,558.51 of premium moneys to Worthy and to or on behalf of entities owned by Worthy. It paid these funds from a premium account containing moneys remitted to New Source by insureds, and it paid none of the premium in that account to TIG, on whose behalf New Source collected the premium. Worthy knew that the money paid to him and to and on behalf of his corporations by New Source was premium money, which was entrusted to New Source and was rightfully owed to TIG. New Source paid the money to Worthy and his corporations at his direction.

failing to produce its records for inspection, in violation of South Carolina law. That action is pending in the Administrative Law Court.

17. I find that Worthy misappropriated premium money from TIG by diverting that money from the New Source premium account to himself and his corporations.

B. Acting on Behalf of Fairmont Without Authority.

18. Sometime in early 2005, Worthy approached Bart S. Posey, who is licensed as a resident insurance producer in Tennessee, about forming an association to sell low-limit medical plans. Posey helped Worthy design plans that they thought they could market.

19. In June of 2005, Worthy obtained control of an entity named Transportation Services, Inc. Worthy assigned his interest in Transportation Services, Inc. to Tennessee Benefit Administrators.⁷ The association changed its name to Travel Services, Inc. (TSA).

20. Worthy's intent in acquiring the association was to sell Fairmont Specialty low-limit medical plans to the association's members. New Source Benefits would administer the plan. Worthy broached his idea to Fairmont as early as April of 2005, before he purchased Transportation Services, Inc. Fairmont informed Worthy that it was not interested in underwriting association plans.

21. Worthy continued to market his idea to Fairmont. In July of 2005, Fairmont began to look more closely at the idea of doing an "association plan." It asked Worthy for TSA's bylaws and began working on plan designs. Fairmont, however, gave Worthy no plan designs, no rates, and no marketing material. In short, it gave Worthy no authority to market its products or act on its behalf.

22. In September of 2005, Fairmont discovered that Worthy had begun selling, through subagents, a "TSA plan" to some of the groups that he had enrolled in the TIG plans,

⁷ At an association meeting on June 8, 2005, according to the minutes of the meeting, a "motion was made and passed that beginning in July of 2005, the above directors and officers be compensated at a minimum of \$10,000 annually and that any travel expenses involving board meetings be paid by the Association." Worthy was or is the chairman of the board.

and binding coverage through TSA with TIG.⁸ Worthy had no authority to sell TSA plans involving Fairmont, or to bind this coverage, although he represented that he did have such authority.

23. On September 12, 2005, Gary McGeddy of Fairmont wrote Worthy a letter, notifying Worthy that Fairmont was terminating the authority of New Source to solicit and bind Fairmont business. Mr. McGeddy sent letters to all TSA enrollees, informing them that “our Low Limit Medical products have been offered through the Travel Services Association and administered through New Source Benefits, without our knowledge and approval.”

24. On October 7, 2005, Mr. McGeddy wrote Worthy a second letter, in which he stated:

Fairmont Specialty Group has recently been made aware that contrary to our prior written communication of September 12 and numerous phone conversations, New Source Benefits has continued to represent that it has the authority to solicit and bind business on behalf of FSG. In addition we have also been made aware that New Source Benefits has been accepting applications and remittance for enrollment on behalf of FSG through an Association (the TSA or Transportation Services Association) that has never been approved by FSG.

FSG hereby advises you in the strongest possible terms to immediately cease and desist from any and all solicitation, marketing and or binding of FSG or any of its products and from representing to anyone that you have the authority to do so.

We strongly encourage you to take immediate steps to rectify the situation that has been created by accepting applications for enrollment in an Association insurance plan that was never authorized by FSG and that you had no authority to

⁸ Worthy continually claims that he had nothing to do with establishing and selling the plans, and that he and his companies are only third-party administrators. Based on the evidence obtained by the Department, this assertion is false. Steve Jones, president of Homeland HealthCare, told the Department that, in March of 2005, Worthy flew to Dallas (in his private airplane) to sell the TSA product to Homeland (the Department had suspended Worthy’s producer’s license six months earlier). An e-mail from Rich Bachman, Posey’s partner, to Worthy on October 21, 2005 inquired about whether pregnancy was a pre-existing condition under the Fairmont plans. Worthy forwarded that e-mail to Jollene Priester, who replied: “*Per William*, quote all of Corey’s groups with maternity.” (Emphasis added.) Thus, although Worthy claims that agents like Posey and Bachman sold the products, and that he merely administered them, the evidence shows that those agents were acting on Worthy’s instructions. In addition, several persons, to include Brad Larschan, John Ferguson, Bart Posey, and representatives of Fairmont, have informed the Department that Worthy was involved in plan design. In the case of the Church Plan (see Section F below), Larshan stated that Worthy sent him the plan documents, with instructions for Larschan to sign the documents. In an order filed on October 6, 2006, the Charleston County Court of Common Pleas found that Worthy, Carolina Benefit Administrators, and Consumer Health Solutions designed a self-funded plan for an agent to present to a group.

accept. This includes but is not limited to: returning any funds you have received, retroactively to each members [sic] effective date; advising all agents that this product does not exist; discontinuing any marketing or solicitation; etc.

Your continuing failure to cease and desist from these actions will leave us with few alternatives. It is in our mutual best interests to work through this situation as amicably and professionally as possible. I look forward to your cooperation.

25. I find that Worthy acted on TIG's behalf without authority.⁹

C. Acting on Behalf of Fidelity Security Life Insurance Co. Without Authority or Written Agreement.

26. In late 2004 or early 2005, Worthy traveled to Fidelity Security Life Insurance Company in Kansas City. Worthy had a relationship with Fidelity through Employers Life Insurance Company, a company formed by Worthy.¹⁰

27. As a result of its relationship with Employers Life, Fidelity has suffered huge losses. Accordingly, Fidelity informed Worthy that they would not do business with him and instructed him that he had no authority to act on its behalf.

28. Fidelity had a contract with John Ferguson, a licensed South Carolina producer in Charleston; Ferguson, however, had no authority to bind coverage with Fidelity. Worthy entered

⁹ After Fairmont's termination, one company, Homeland HealthCare, refunded some \$27,000 in premiums from its own pockets to its clients, leading to the conclusion that Worthy failed to comply with Mr. McGeddy's directive to refund premiums. Subsequently, on November 22, 2005, TSA wrote letters to Homeland's clients, after Jones had terminated Homeland's relationship with Worthy and had canceled the Fairmont policies. The letters were Worthy's attempt to lure Homeland's clients back to New Source and to convince them to buy medical plans underwritten by Central United Insurance. Rick Bachman sent Hawkins an e-mail on December 15, 2005, stating:

Also you need to be aware that we will not be able to place any of the people that you have signed up this month for health coverage through Central United. Due to William trying to solicit John Ferguson's people and the letter ending up on the desk of the President of Central United they cancelled our contracts and our block of business yesterday. So you will need to notify the cases you have received and refund premiums as we have no place to place them.

¹⁰The Department fined Employers \$50,000 in 2002 for, among other violations of the law, filing a false sworn financial statement with the Department. The board of directors of Employers removed Worthy as an officer and director of Employers Life in 2002.

into an arrangement with Ferguson to place insurance for Human Capital, L.L.C. with Fidelity.¹¹

29. On March 28, 2005, Martha E. Madden, assistant vice president and senior counsel of Fidelity, wrote Worthy:

It has come to Fidelity Security Life Insurance Company's (FSL) attention that at least one group, Human Capital, LLC, has been remitting premiums to your company. Your company does not have authority under any agreement with FSL to bill and collect premium on FSL's behalf. In fact, you were specifically told that you and your organization could not handle premium collection.

....

Additionally, you and your company have no authority to solicit FSL applications and policies and all such activities should immediately cease and desist.

30. I find that Worthy acted on behalf of Fidelity without authorization and without a written agreement.

D. Acting as an Unauthorized Insurer.

31. In 2005, Worthy worked closely with Posey on the Fairmont Specialty business. Posey spent several days per week at Worthy's offices at 333 South Pine Street in Spartanburg.

32. The Fairmont plans had a pre-existing condition clause and did not require Fairmont to give credit for prior coverage.¹² The plans, however, were sold without disclosing this fact. In an e-mail to Posey on June 21, 2005, Rebecca West of New Source Benefits stated:

William was under the impression that we would receive an estimated \$20,000 in premiums for the 138 lives effective 06/01/05. *His decision* to waive pre-x was based on the number of lives and premiums. If we do not meet the requirements we will have to adjust the pre-x. Please advise me as of how many number of lives are going to be effective for 06/01/05.

¹¹ Like so many other groups who contracted with Worthy's companies for third-party administration, Human Capital's claims have not been paid. When Seth Seidell, CEO of Human Capital, flew to Spartanburg and went to 333 South Pine Street to discuss the matter with Worthy, Worthy refused to leave his office to meet with Mr. Seidell, who flew back to Michigan without having seen Worthy.

¹² In the case of one group, Care Entrée, Fairmont's certificate of insurance was altered without Fairmont's knowledge to change the pre-existing limit and to add group life coverage. Fairmont is not licensed to sell life insurance.

(Emphasis added.) Worthy had no authority to “waive” or “adjust” the pre-existing condition provisions, or any other provisions, of the Fairmont policy.¹³

33. Worthy maintained two sets of books. If claims were ineligible for payment under the plans, some of those claims were paid by Worthy, and not by Fairmont. Thus, Worthy was paying claims from money that came to be known in Worthy’s office as the “Bart and William Fund.” Marlene Hicks, Worthy’s claims manager, became suspicious that claims not covered by the Fairmont policies were being paid. She insisted that Worthy initial the paperwork authorizing payment of claims not covered by the Fairmont policies. Worthy did so.

34. Worthy acted as an insurer. Worthy is not and was not licensed as an insurer.

35. I find that Worthy acted as an unauthorized and unlicensed insurer, collecting premiums and paying claims from those premiums.

E. Withholding, Misappropriation, and Conversion of Commission Moneys.

36. On December 14, 2005, Rich Bachman, Posey’s partner, sent the following e-mail to Hawkins and Worthy (although addressed to Hawkins, the e-mail includes Worthy on the “to” line):

This is a formal demand for the commissions owed by New Source Benefits for the benefit of our brokers for the cases you controlled for the months of August, September and October 2005. I have enclosed a list as close as we can determine of actual monies received by New Source Benefits for these cases and the commission owed to our brokers on each case. You have promised me that you would get back to me with some answers but as of today I have still not heard from you about this extremely serious issue. We are being threatened with legal action by several of these brokers and you have backed us into a corner where we have no other choice but to seek legal redress both civil and criminal. We expect you to deposit the total balance of money due for commissions into the Regions bank account before close of business tomorrow. Failure on your part to do [so] will leave us with no other choice but to turn this matter over to the proper authorities to protect our legal interests as well as those of our brokers.

¹³ The italicized words are yet more evidence that Worthy, not Hawkins, was New Source’s decision maker.

The following is what we feel you owe as of today for commissions, notwithstanding the balance of the funds to Central United Insurance for the October checks you cashed, the premiums for the dental and vision plans you collected but did not pay the vendors, commissions owed Bart Posey and FleetCare Group for overrides on cases you were paid for and the building account for 41 and Main.

37. The groups Bachman listed correspond to the groups listed on the deposit slips from the Fairmont premium account at Arthur State Bank. The unpaid commissions listed in Bachman's e-mail total \$18,736.30.

38. I find that Worthy failed to pay, misappropriated, and converted commission moneys properly owed to producers of the Fairmont business.

F. Misappropriation of Funds from the Church Plan.

39. In March of 2004, Worthy worked with an Indiana insurance producer named Phil Parimore to put together a group benefit package for a number of religious organizations.¹⁴ The plan administrator was to be Fellowship Services, L.L.C., and Consumer Health Solutions was to be the claims administrator. Consumer Health Solutions was licensed as an administrator under Chapter 51 of Title 38 of the South Carolina Code. The plans came to be known collectively as the "Church Plan."

40. On March 5, 2004, Whitney Wallingford, a Lexington, Kentucky attorney, wrote Worthy. Wallingford apparently represented either Fellowship Services or Brad Larschan,¹⁵ the president of Fellowship Services. In his letter, Wallingford wrote:

I have initiated the research regarding the Church Plan status, and I have coordinated with Brad on the information which he has relative to the Plan. Before proceeding with a letter, I note that Brad has, as one of his clients' conditions for participation, that the welfare and medical plan be a *fully-insured group product*.

¹⁴ Parimore's license has been revoked by Nebraska, Ohio, Kansas, and Indiana, and nonrenewed by Mississippi.

¹⁵ On October 28, 2004, less than four months after the Church Plan began operations, Larschan wrote Parimore a letter, in which Fellowship Services resigned as the plan administrator, because Larschan believed Worthy was not being "aboveboard."

Before proceeding, I did want to confirm that you coordinated with Brad or with the local agent to make certain that they were comfortable with the medical product and that the arrangement *meets the requirement that the plan be fully insured.*

(Emphasis added.)

41. Worthy has explained in sworn testimony that “fully insured” means that an insurance company bears the entire risk of loss. It is clear from the evidence obtained by the Department that the product administered by Consumer Health Solutions was never fully insured. Rather, it was self-funded and, initially, reinsured.

42. The Church Plan actually comprised a substantial number of separate plans, each covering a different group. Consumer Health Solutions commingled the premiums from each group in one account at Arthur State Bank; this fact is abundantly clear from that account’s deposit slips. The account was denominated the “Fellowship Services Premium Account.”

43. Worthy was the sole signature authority for the Fellowship Services Premium Account. At the least, the bank records Worthy produced to the Department in the Administrative Law Court litigation show that Worthy personally signed every check written on that account during the period covered by those records.

44. The Fellowship Services premium account shows the same pattern of misappropriation evidenced by the records of New Source’s TIG premium account at the same bank. In March, 2005, for example, \$287,348.12 was deposited into the Fellowship Services account. The following payments were made from that account during that month, by checks signed by William Worthy:

- (a) \$16,102.74 to AGA, L.L.C., the corporation that owns Worthy’s Lear jet;
- (b) \$59,649.63 to Carolina Benefit Administrators;
- (c) \$20,666.54 to Tennessee Benefit Administrators;

(d) \$6,498.52 to Palmetto & Pine, Worthy's real estate company; and

(e) \$81,741.46 to William M. Worthy.

45. Thus, \$184,658.89 of premium moneys, or over 64% of the amount deposited in the account, was paid from the Fellowship Services premium account to Worthy or his companies, even excluding sums paid to Worthy Insurance Agency. As of March 31, 2005, the account had a negative balance; it was overdrawn by \$63,698.28.

46. Payments were made from this premium account to Fellowship Services. Those payments, which total \$46,777.46 for March 2005, can only be claims payments, and I find that they are claims payments.

47. In addition, payments were made from the Fellowship Services Premium Account to Source HR, a group not associated with the Church Plan.

48. The bank records show similar misappropriation in other months. As but a few examples:

(a) In June 2004, Worthy wired \$50,000 from the Fellowship Services Premium Account to Mid-America Underwriters, a company owned by Milton Pullen, as repayment to Pullen in a transaction wholly unrelated to the Church Plan;

(b) In November 2004, Worthy wrote a check to himself for \$55,000 from that account;

(c) In December 2004, payments of over \$62,000 were made from the account to Tennessee Benefit Administrators;

(d) In February 2005, a payment of \$32,512 was made to Tennessee Benefit Administrators, payments of \$59,324 were made to Carolina Benefit Administrators, and

payments were made to Source HR and Human Capital, groups not associated with the Church Plan;

(e) In April of 2005, payments of \$200 to Transportation Services Association, Inc.;

(f) In October of 2005, a payment of \$14,398.48 was made to Instant Cash, Inc., one of Worthy's personal creditors;¹⁶ and

(g) In December 2005, payments of over \$12,000 were made to CHS Admin, L.L.C.

49. Because the majority of the Church Plan premium that Consumer Health Solutions received was being funneled to Worthy and his other companies, and even though Consumer Health Solutions was failing to pay at least one supplemental insurer's premium that Consumer Health Solutions had collected on the insurer's behalf (see Section G below), Consumer Health Solutions was unable, and refused, to pay claims submitted to it. As early as December of 2004, as evidenced by the details of a complaint submitted to the South Carolina Department of Consumer Affairs, Worthy instructed his customer service staff to tell consumers, who called often to ask why their claims had not been paid, that the plan was self-funded, that claims exceeded premiums, and that there was no money to pay claims.

50. At least two of Worthy's former employees, claims manager Marlene Hicks and accounting manager Glynda Hines, told the Department that they did not believe that there was insufficient money to pay Church Plan claims. According to Ms. Hicks, Consumer Health Solutions stopped paying claims in late 2004, yet continued to collect, and to spend, premium

¹⁶ Instant Cash, Inc. foreclosed a mortgage on real property owned by Worthy's wife, Caroline, in September of 2006. The mortgage secured a loan by Instant Cash to Worthy and Palmetto & Pine.

from the Church Plan's groups. She told the Department that the premium inflow was adequate to pay claims, but that claims nonetheless were not paid.

51. The Church plan in reality was a number of separate plans. Because Worthy did not account for the funds received by each individual plan, but instead commingled premium money from every plan in one account, Worthy and Consumer Health Solutions had no way of knowing whether claims exceeded premium for any one plan. Further, the conclusion that funds from one plan were used to pay claims from another plan is inescapable. The evidence indicates, and I find, that there was money to pay claims, but that money was misappropriated by Worthy. The records of the Fellowship Services Premium Account, from May through September 2004, show that over \$887,000 was deposited, but approximately \$189,000 was paid in claims. The account, however, had a balance of just \$4,812.84 on September 30, 2004.

52. I find that Worthy commingled funds from several plans in one account. I further find that Worthy misappropriated funds from the Church Plan premium account and that he paid claims from that premium account.

G. Failure to Remit Premiums to Colonial Life & Accident Insurance Co.

53. Initially, the Church Plan offered a supplemental cancer policy through Colonial Life & Accident Insurance Company.

54. Among the many group plans under the umbrella of the Church Plan was one covering First Wesleyan Christian School and PreSchool. John Wilfong was one of the group members.

55. First Wesleyan was covered by the supplemental Colonial policy, and paid a monthly premium of \$61 to Consumer Health Solutions. Mr. Wilfong's records indisputably show that Consumer Health Solutions billed the group for, and First Wesleyan paid, this

premium from November 2004 through March 2006.¹⁷ Consumer Health Solutions' bank records show that Consumer Health Solutions received the premium and deposited it in the Fellowship Services Premium Account.

56. Colonial repeatedly sent Consumer Health Solutions notices that the premium on the First Wesleyan policy for December 2004 through March 2005 had not been paid. Colonial informed Consumer Health Solutions that Colonial would cancel the policy if Consumer Health Solutions did not bring the premium current. Consumer Health Solutions did not pay the premium, and Colonial canceled First Wesleyan's policy on March 31, 2005.

57. Consumer Health Solutions continued to bill and collect the premium for this policy from First Wesleyan after the cancellation of the policy. Consumer Health Solutions did not inform Mr. Wilfong that his group's policy had been canceled. Mr. Wilfong eventually discovered that the policy had been canceled, and he reinstated it by paying the past due premium directly to Colonial.

58. I find that Worthy, who owns and controls Consumer Health Solutions, failed to remit premiums to Colonial Life & Accident Insurance Company and misappropriated First Wesleyan's money by continuing to collect premium on the Colonial policy after its cancellation.

H. Misappropriation of Funds from Tennessee Benefit Administrators and Associated Groups and Insurers.

59. Tennessee Benefit Administrators, L.L.C. (TBA) is a third-party administrator in Memphis, Tennessee. Worthy was the president and a shareholder of TBA. Paul Qualls, an insurance producer licensed in Tennessee, was the vice president of Tennessee Benefit Administrators and ran the company for Worthy.

¹⁷ In fact, Mr. Wilfong's records show that he overpaid the premium, and that Consumer Health Solutions did not refund or properly account for the overpayment. It merely deposited the money in the Arthur State premium account.

60. TBA maintained two operating accounts: one in Memphis and one at Arthur State Bank in Spartanburg. Worthy controlled the Arthur State Bank account. All of TBA's premium payments and payments to vendors were made from the Arthur State Bank account. When Qualls received premium payments from TBA's groups, he sent the checks to 333 South Pine Street in Spartanburg, via overnight mail, with the expectation that those funds would be remitted to the insurers who provided coverage for those groups.

61. In early 2005, Qualls began to receive inquiries from insurers about the status of premium payments. Qualls began to realize that, even though he was sending the premium payments to Worthy's office in Spartanburg in sufficient time for the premiums to be paid to the insurers when due, "Spartanburg" was not remitting the premiums to the insurers.¹⁸ On May 17, 2005, Qualls sent the following e-mail to Jack Hawkins, with a copy to Worthy:

As we discussed, it appears that TBA clients monies are being diverted for other uses. As the licensed agent, now being knowledgeable puts my license in potential jeopardy. I am attaching relevant TN Insurance regulations for your records. As I have stated to you in the past, I am not going to jail or lose my license because of issues that are related to [Carolina Benefit Administrators] or [Consumer Health Solutions]. Per our discussion this morning, it is my understanding that all outstanding past and current financial issues (insurance premiums, vendor balances) with TBA will be cleared up no later than May 30, 2005. I am to be copied on all checks, amount of checks, date sent, and any tracking #'s that would apply if overnighted. I request that the balance on Stern [an insured group] after May payments (approx \$80,000) be forwarded to my attention for deposit in our local account, so that I will know and be able to document an accurate accounting of this clients [sic] funds. In the past I have advised you of the precarious position that the current accounting procedures have created for myself and TBA. These practices can no longer be allowed to happen. By these issues occurring, my family, employees and clients have been put in extreme danger.

The only reason the reinsurers have not cut TBA off is because of my reputation not William's. Because of the continuing issues, I have very few favors left. I

¹⁸ Mr. Qualls has provided the Department with detailed records of his receipt of premium payments from insureds and his timely remittance of those payments to Worthy's office in Spartanburg.

have consulted counsel in regard to this matter because of the possible ramifications to me personally.¹⁹

62. In August of 2005, Hawkins's e-mails to Qualls began to sound increasingly frantic: "PLEASE, the moment you receive any premiums in, let me know." On September 1, 2005—the same month that New Source ceased paying premiums to TIG because Worthy had misappropriated much of that premium money—Hawkins informed Qualls, in an e-mail copied to Worthy, that Spartanburg could not pay the August premiums then overdue to insurance companies, even though Qualls had remitted the premiums to Spartanburg before they were due: "No way it can be done today and unless funds come in tomorrow, we can't tomorrow." The implication from these e-mails is clear: because of the vast misappropriation of premiums from New Source Benefits, Consumer Health Solutions, and Tennessee Benefit Administrators, Worthy's enterprises in Spartanburg were having significant cash flow problems, and used the premium money to stay afloat. Qualls, meanwhile, was receiving letters from insurers stating that TBA groups' policies would lapse for nonpayment of premium, even though Qualls continued to remit the premium on time to Spartanburg.

63. This pattern of misappropriation continued through December. One policy lapsed for nonpayment of premium, even though Qualls had sent the premium to Spartanburg before it was due.

64. On October 11, Worthy signed two checks, drawn on TBA's account at Arthur State Bank, to Memphis Engraving, one of TBA's insured groups. Both checks were returned for insufficient funds.

¹⁹ The similarity between this and other e-mails demonstrate unequivocally that all four administration companies at 333 South Pine Street were managed in the same manner, regardless of whether they were owned by William Worthy or Jack Hawkins. Whether from Qualls to Hawkins regarding Tennessee Benefit Administrators or from Bachman to Hawkins regarding New Source Benefits, Worthy was the decision maker for all four companies, including New Source Benefits, and Hawkins was the "money man."

65. TBA had contracts with one or more prescription plans, which paid rebates to TBA. These rebates, properly payable to the groups, were sent to Worthy's office in Spartanburg. Worthy's office did not remit the funds to Qualls for payment to the groups. In addition, Spartanburg did not remit commissions earned by and payable to brokers to those brokers. Those commissions were payable from the premium funds Qualls remitted to Spartanburg.

66. In December 2005, some insurers began to instruct Qualls that they would not accept premium payments from Spartanburg and that all payments must come from his office. Another insurer instructed Qualls that, because of the problems with "Spartanburg," all premium payments must be made via wire transfer or certified check.

67. On December 3, 2005, Worthy's office in Spartanburg issued a payroll check to a TBA employee in Memphis, which was returned for insufficient funds.

68. On January 3, 2006, Qualls filed an action in the Chancery Court of Shelby County, Tennessee. In his complaint, he alleged, among other things:

(a) RIMS/Trizetto, the firm that provides claims adjudication services to TBA, refused to issue year-end codes to TBA because it had not been paid by the TBA office in Spartanburg;

(b) the Spartanburg office made unauthorized withdrawals from the Memphis account to cover premiums that were remitted to and should have been paid from the Spartanburg account;

(c) Worthy wired \$4,000 from the Memphis account to HCC Life Insurance Company to cover premiums that Qualls sent to the Spartanburg office, which were used for other purposes; and

(d) Worthy received rebates from ExpressScripts, a prescription drug service, on May 31, 2005 and August 31, 2005, which he failed to remit to the insureds.

69. On January 6, the chancery court entered an *ex parte* injunction, appointing an interim receiver for TBA.

70. Worthy defaulted and did not appear in the Tennessee proceeding.

71. On June 7, 2006, the chancery court entered an order judicially dissolving TBA and vesting ownership of its assets in Paul Qualls. The court ordered Worthy to turn over to Qualls all assets, records, accounts, information, etc. of or pertaining to TBA, and it enjoined Worthy from interfering with TBA or its employees.

72. I find that Worthy misappropriated premium moneys from Tennessee Benefit Administrators, from insurers for which TBA administered plans, and from insureds. I further find that Worthy failed to pay commissions to brokers and rebates to insureds.

73. Glynda Hines, Worthy's accounting manager until she quit in October of 2005, told the Department that money coming into Worthy's offices at 333 South Pine Street was not being used for the correct purposes. According to Ms. Hines, Worthy had a cozy relationship with Arthur State Bank, which, until the situation became untenable to the bank, allowed Worthy to overdraw his companies' accounts. Worthy shifted funds among the various companies' accounts to cover checks. Worthy would approach his accounting department and demand that checks be written to him, saying, "I don't care which account it comes from."

74. I further find that Worthy, in essence, was running a type of Ponzi scheme, in which he was misappropriating premium and moving money between the accounts of his various companies, to include New Source Benefits, to cover debts. This scheme began to come apart in August of 2005 and finally unraveled completely in 2006, causing Worthy to default on many

business and personal debts, to include the loan on his home, which led to the foreclosure of the mortgage on his home to pay a debt of nearly \$750,000.

I. Failure to Comply with the Law of Other States.

75. Worthy was licensed as a nonresident producer in several states, including Alabama, Indiana, Tennessee, Kentucky, and Massachusetts.

76. Worthy failed to notify the Alabama Insurance Department that his producer's license had been suspended in South Carolina, in violation of Ala. Code § 27-7-28(a). As a result, Alabama revoked Worthy's nonresident license on June 15, 2005.

77. Worthy failed to notify the Indiana Department of Insurance that his producer's license had been suspended in South Carolina, in violation of Ind. Code § 27-1-15.6(b)(9). As a result, Indiana revoked Worthy's nonresident license and fined him \$10,000 on April 21, 2006.

78. Worthy failed to notify the Kentucky Department of Insurance that his producer's license had been suspended in South Carolina. As a result, Kentucky revoked Worthy's nonresident license on April 12, 2005.

79. Worthy failed to notify the Tennessee Department of Commerce and Insurance that his producer's license had been suspended in South Carolina. As a result, Tennessee revoked Worthy's nonresident license on January 12, 2006.

80. Worthy failed to notify the Mississippi Department of Insurance that his producer's license had been suspended in South Carolina. As a result, Worthy agreed to voluntarily surrender his nonresident license on March 15, 2006.

81. Worthy failed to notify the Texas Department of Insurance that his producer's license had been suspended in South Carolina. As a result, Worthy agreed to surrender his nonresident license in January of 2006.

82. Worthy failed to notify the Massachusetts Department of Insurance that his producer's license had been suspended in South Carolina. As a result, on October 20, 2005, Massachusetts revoked Worthy's nonresident license and ordered him to cease and desist from all insurance activity.

83. On March 9, 2006, the Nebraska Department of Insurance issued a cease-and-desist order against Worthy and others, including New Source Benefits, Hawkins, and Parimore. In that order, the Nebraska department found that it had reasonable cause to believe that Worthy was "engaged, either directly or on behalf of an unauthorized insurer, in the business of transacting insurance in the state without a license, in particular, is violating and has violated *Neb. Rev. Stat. § 44-2002(a), (c)-(h) . . .*."

84. I find that Worthy has violated the insurance laws of Alabama, Indiana, Kentucky, Tennessee, Mississippi, Massachusetts, and Nebraska, and has had his license revoked by Alabama, Indiana, Kentucky, Tennessee, Mississippi, and Massachusetts.

J. Failure to Pay State Income Taxes.

85. On February 9, 2006, the South Carolina Department of Revenue filed a tax lien for \$68,130.12 against Worthy in Spartanburg County. The lien includes \$61,202.00 in unpaid taxes, \$3,366.11 in penalties, and \$3,562.01 in interest.

86. As of August 28, 2006, the Department of Revenue web site lists Worthy and his wife, jointly, among the top delinquent taxpayers in the state, with a debt of \$75,822.66. The federal government has also filed a tax lien against William and Caroline Worthy in Spartanburg County, in the amount of \$275,258.07.

87. I find that Worthy has failed to pay his federal and state income taxes.

K. Other Acts of Dishonesty, Untrustworthiness, and Financial Irresponsibility.

88. In one of the many lawsuits in which Worthy has been a defendant, he gave a deposition on November 15, 2005. In that deposition, Worthy testified:

Q. What was your relationship to TIG or is your relationship to TIG?

A. I don't have a relationship with them.

Q. Do any of your companies have a relationship with TIG?

A. No.

Q. How about any successors in interest in TIG? Fairmont Premier; have you ever heard of that company?

A. Yeah, I've heard of the company.

Q. TIG recently spent time down in your offices, correct?

A. That's correct.

Q. Why were they there?

A. To do an audit.

Q. Of what?

A. Of limited benefit plans.

....

Q. What did they come to look at; what were the actual things they came to look at in this audit process?

A. Just normal auditing procedures.

Q. Did they remove documents from your company's possession?

A. Yes.

Q. Who was administering these plans?

A. New Source Benefits.

Q. And you personally had no interest whatsoever in any entity that did business with TIG or any of its successors?

A. That's correct.

Q. How long did TIG spend at your offices?

A. A couple days.

Q. Who was dealing primarily with them?

A. Jack Hawkins.

....

Q. Were you present when the audit was taking place?

A. Certainly.

Q. Were you asked questions by the auditors?

A. Very few, yeah, was asked questions.

Q. Were you present when Jack Hawkins was questioned?

A. Yes.

Q. Why were you present when Jack Hawkins was being questioned?

A. They asked me to sit in.

Q. Why would they ask you to sit in?

A. You'll have to ask them.

Q. Why would you be involved in this process if you're not involved---if you have no ownership interest in New Source Benefits and have no relationship to TIG?

A. They asked me to sit in, and I did.

Q. Did they bring up any cause or concern with you in these meetings?

A. No, sir.

Q. You have no reason to think that this company, TIG or Fairmont Premier, had any concern or issue with you or your conduct?

A. Personally with me?

Q. Personally with you.

A. No, sir.

89. This testimony was false. Worthy knew that Fairmont had “concern[s] or issue[s]” with him and his conduct, especially after Gary McGeddy wrote him on October 27, 2005 (a mere 18 days before the deposition), admonishing him to “spend the weekend reading the Program Manager’s Agreement that we both executed, to fully appreciate the magnitude of your breach” Worthy knew that he, and not Jack Hawkins, was the person primarily responsible for New Source’s business dealings with Fairmont. Worthy misled his questioners by intentionally creating the impression that Jack Hawkins was solely responsible for the missing Fairmont money. Worthy knew the purpose of the audit, and he knew that it was not merely “normal auditing procedures.”

90. In the same deposition, Worthy testified that Employers Life moved out of his building at 333 South Pine Street because “[w]e separated our companies.” When asked for the reason for the separation, Worthy testified that it was “[j]ust a separation. I had a partner who decided he wanted to go in another direction, and he did.”

91. Worthy knew that this testimony was untrue. He knew that separation was contentious and that the reason Employers Life moved out of the building he owned and occupied was because the company had removed him as president and stripped him of his directorship.

92. In a deposition in a previous case, given on April 15, 2002, Worthy testified unequivocally that he forged a loan application. Worthy also admitted to this forgery in the

September 2004 consent order suspending his license. In his November 2005 deposition, however, Worthy testified that he did not forge the document and that his previous testimony was wrong.

93. I find that Worthy has given false deposition testimony. I further find that Worthy failed to tell the truth about the forgery in either his 2002 or 2005 deposition.

94. Worthy owes Posey some \$200,000 in connection with a Tennessee real estate venture called “41 and Main.” I find that Worthy has not paid this debt.

CONCLUSIONS OF LAW

1. William Worthy has waived his right to a contested case hearing under the Administrative Procedures Act. I am empowered to decide this matter pursuant to S.C. Code Ann. § 38-43-130.

2. Under the South Carolina Code, a producer’s license may be revoked when the producer has violated any provision of Title 38 or has willfully deceived or dealt unjustly with the citizens of this State. S.C. Code Ann. § 38-43-130(A). The Code defines “willfully deceived or dealt unjustly with the citizens of this State” to include:

- a. violating any insurance laws;
- b. improperly withholding, misappropriating, or converting any monies or properties received in the course of doing insurance business;
- c. having admitted or been found to have committed any insurance unfair trade practice or fraud;
- d. using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this State or elsewhere;

e. having an insurance producer license, or its equivalent, denied, suspended, or revoked in any other state, province, district, or territory; or

f. failing to pay state income tax or comply with any administrative or court order directing payment of state income tax.

S.C. Code Ann. § 38-43-130(C).

3. Under the South Carolina Code, an administrator must hold all premiums in a fiduciary capacity. S.C. Code Ann. § 38-51-90. Section 38-51-90 requires an administrator to establish a fiduciary bank account for premiums received. Withdrawals from that account may be made only (a) to remit premium to the insurer, (b) to deposit funds in an account maintained in the insurer's name, (c) to transfer funds to a claims account, (d) to pay a group policyholder for remittance to the insurer, (e) payment of fees, commissions, and charges to the administrator, and (f) return of premiums to the insured. Claims may not be paid from the fiduciary premium account. *See id.*

4. The South Carolina Code requires that no administrator may act as such without a written agreement between the administrator and the insurer. *See* S.C. Code Ann. § 38-51-40.

5. The South Carolina Code defines an "insurer" as "any corporation, fraternal organization, burial association, other association, partnership, society, order, individual, or aggregation of individuals engaging or proposing or attempting to engage as principals in any kind of insurance or surety business, including the exchanging of reciprocal or interinsurance contracts between individuals, partnerships, and corporations." S.C. Code Ann. § 38-1-20(25).

6. The South Carolina Code requires that every insurer transacting business in this state must be licensed by the Department. *See* S.C. Code Ann. § 38-5-10.

7. Worthy has violated the insurance laws of this state by:

a. failing to hold premiums in a fiduciary capacity, in violation of Section 38-51-90. Worthy, as the president and sole shareholder of Consumer Health Solutions and the signature authority on the Church Plan's premium account, violated his fiduciary duty by paying himself and his companies, others on behalf of his companies, other group plans, and others from the Church Plan premium account;

b. commingling funds from several plans in one account, the Fellowship Services Premium Account;

c. misappropriating premium from TIG Premier Insurance Company and other insurers, the Church Plan, Tennessee Benefit Administrators, and groups and consumers;

d. acting as insurer without a license, by paying uncovered claims from the "Bart and William Fund";

e. paying claims from premium accounts; and

f. acting as an administrator for Fidelity Security Life Insurance Company without a written agreement.

8. Worthy has violated the insurance laws of Alabama, Indiana, Kentucky, Tennessee, Mississippi, and Massachusetts by failing to report to those states that his license was suspended in South Carolina.

9. Worthy has violated the insurance laws of Nebraska by transacting the business of insurance there without a license.

10. Worthy has withheld, misappropriated, and converted moneys received in the course of doing insurance business, in violation of South Carolina law, by failing to remit premiums, by paying himself and his companies from premium accounts, and by failing to pay claims while telling group beneficiaries that there was insufficient premium to pay claims, when

in fact Worthy had misappropriated that premium. At his direction and with his knowledge, Worthy himself and his companies were paid with funds from the Fairmont and Church Plan premium accounts, and from Tennessee Benefit Administrators. Worthy has failed to remit moneys to insurers and insureds. At his direction and with his knowledge, Worthy failed to remit premiums to

- a. various insurers on behalf of TBA;
- b. TIG and its affiliate or successor, Fairmont Premier; and
- c. Colonial Life & Accident Insurance Company.

In addition, Worthy failed to remit ExpressScripts rebates to TBA insureds and has failed to pay commissions to brokers and producers.

11. Worthy has committed unfair insurance trade practices by:

- a. acting on behalf Fairmont and Fidelity Security Life without authorization;
- b. failing to pay claims to Church Plan beneficiaries, and instructing his employees to tell those beneficiaries that there was inadequate premium to pay claims, when, but for Worthy's misappropriation, there was ample premium money to pay claims;
- c. failing to remit prescription plan rebates to those entitled to receive them;
- d. failing to pay commissions and withholding, misappropriating, and converting commission moneys; and
- e. allowing an insurance policy to lapse when he received the premium for that policy, failing to notify the insured that the policy had lapsed, and continuing to collect the premium for that policy after it lapsed.

12. Worthy has used fraudulent and dishonest practices in the conduct of business, and has demonstrated incompetence, untrustworthiness, and financial irresponsibility in the conduct of business, in violation of South Carolina law, by:

- a. failing to pay his business debts;
- b. signing checks drawn on insufficient funds;
- c. failing to meet his payroll obligations;
- d. converting premium money for his personal use and for the use of his companies;
- e. failing to pay his federal income taxes;
- f. entering into an agreement with Fellowship Services to administer a self-funded plan when he knew that Fellowship Services desired a fully insured plan; and
- g. testifying falsely in one or more depositions.

13. Worthy's insurance producer's license has been revoked by Alabama, Indiana, Kentucky, Tennessee, and Massachusetts, and Worthy voluntarily surrendered his license in Mississippi and Texas in lieu of revocation.

14. Worthy has failed to pay his state income tax obligations.

15. Revocation of Worthy's producer's license is warranted under S.C. Code Ann. § 38-43-130.

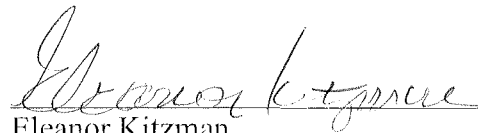
This administrative disciplinary order is a public record subject to disclosure under the Freedom of Information Act, S.C. Code Ann. § 30-4-10 through -165. Nothing contained in this order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained in this order should be construed to limit the statutory authority, pursuant to Section 38-3-110(3) of the South Carolina Code, to report to the

Attorney General or other law enforcement officials violations of the law of insurance or of any provision of Title 38 of the South Carolina Code.

IT IS HEREBY ORDERED:

1. That the resident insurance producer's license of the respondent, William M. Worthy, II, is revoked. The respondent shall, within fifteen days of this order, surrender his license to the South Carolina Department of Insurance.
2. A copy of this order shall be transmitted immediately to the National Association of Insurance Commissioners for distribution to its member states.

IT IS SO ORDERED.


Eleanor Kitzman
Director of Insurance

Columbia, South Carolina

October 25, 2006